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W. T. GRANT COMPANY, W.T.

ITS BUSINESS AND GROWTH

1906 - 1930



BUS. INF. BUR.

W. T. GRANT COMPANY

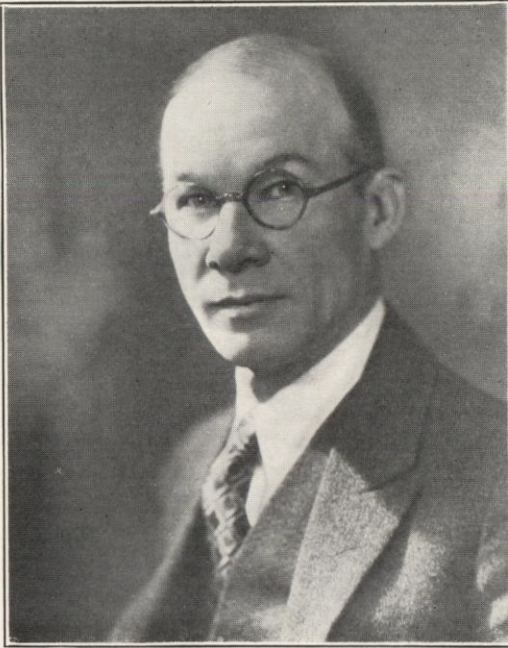
1906 - 1930



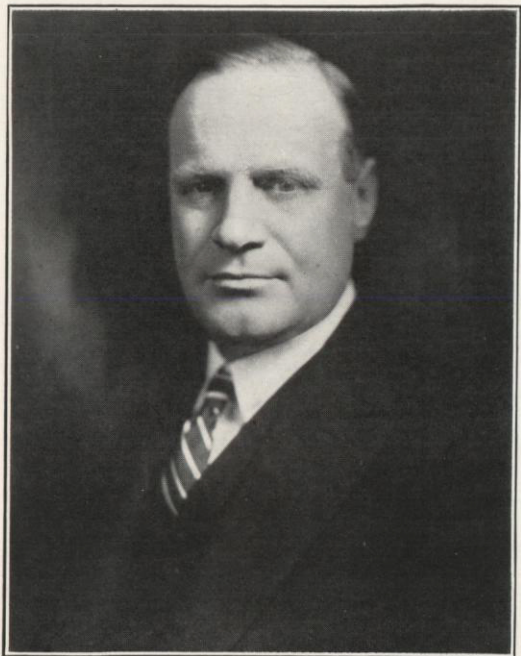
As a result of numerous requests from stockholders and others interested in the W. T. Grant Company, the following information has been prepared. It was presented to stockholders at the Annual Meeting, held April 1st, 1930, at 1441 Broadway, New York.

W. T. GRANT COMPANY

JUN 4 1930



William T. Grant
Founder,
Chairman of the Board
of Directors



B. A. Rowe
President

W. T. GRANT COMPANY

POLICIES AND BUSINESS

The W. T. Grant Company was founded in December, 1906, when Mr. William T. Grant opened the first Grant Store in Lynn, Massachusetts. This store was a success from the start, and since that time there has been a steady increase in the number of Grant Stores, all operated on the policies which proved sound in the first. These policies are:

To give the best possible merchandise values in the most popular price lines.

To concentrate on those articles of merchandise in greatest demand.

To give the best possible service to the customer consistent with economy.

To make all sales for cash, as a means of giving greater values.

To have the greatest possible turnover of merchandise inventory as a means of keeping merchandise new, fresh, and clean, and of lowering the cost of doing business.

Grant Stores specialize in merchandise priced at \$1.00 and under, over 96% of the total sales being within this price range. A few items in the millinery and radio accessories departments are sold above the \$1.00 limit, and twenty of the stores have ready-to-wear departments, selling coats and dresses retailing at popular prices. The major part of the merchandise is in the staple or necessity class, with the result that sales and expansion have been affected but a minimum with fluctuating business conditions. The following department classifications give an indication of the variety of merchandise sold:

Art Goods	Gloves	Men's Wear
Books & Stationery	Handkerchiefs	Millinery
Candy	Hardware	Music
Children's Wear	Hosiery	Neckwear
China & Glassware	House Furnishings	Notions
Draperies	Jewelry	Radio
Dress & Wash Goods	Knit Wear	Records
Electric Accessories	Leather Goods	Toys
Footwear	Luncheonette	Women's Wear

The number of articles carried in the smaller stores approximates 2,000, in the larger stores 4,500; not counting as separate articles the different sizes, patterns and colors.

The average transaction amounts to approximately 43 cents. During the past fiscal year there were over one hundred and fifty million transactions, with total sales of \$65,900,000.

ORGANIZATION

W. T. Grant Company on January 31st, 1930, was operating 279 stores, located from Maine to Texas, with a central Buying, Accounting and Financing organization in New York.

These stores vary in size from those having an annual sales volume of over \$1,500,000 to those with a sales volume as low as \$50,000. They are located in cities from the size of New York to cities with populations as low as 5,000.

The Manager of each individual store is given all necessary authority and is held strictly accountable for his store's success. He knows the lines of merchandise handled by the Company, but merchandises his store to fit the needs and tastes of his own community. The position is one of large responsibility and the income is commensurate. Managers of stores of average size receive from \$6,000 to \$10,000 a year, while those in charge of the largest stores earn in excess of \$20,000. A large part of each manager's compensation is based on the net profit of his store. All promotions to the position of manager are made from men trained by the Company, the training period lasting from three to five years.

As a result of careful selection of its managers by the Company and the opportunities and adequate compensation offered, once the position of manager has been attained, store manager turnover is low. During the past seven years, the average annual turnover of store managers has been less than seven percent.

The Stores are grouped in four districts, with headquarters in Boston, Mass., New York, N. Y., Atlanta, Ga., and Chicago, Ill., respectively. Stores in each district are under the supervision of a District Manager. The District Managers are aided by District Merchandise Managers and District Superintendents, all of whom cooperate fully with the Store Managers in meeting their individual problems. These men in the District Offices have been promoted from Store Managers because of proven merchandising ability.

The President and General Manager is in charge of all operations. In addition to controlling store operations through the four District Offices, the various

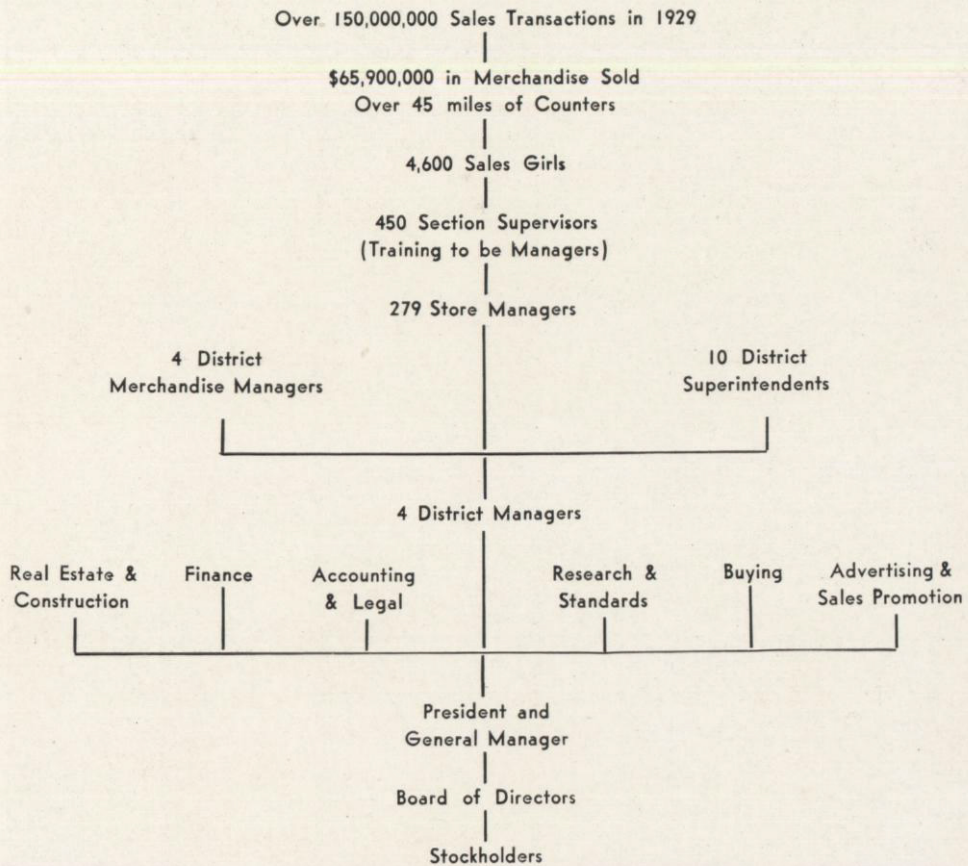


A Grant Store Opening—St. Paul, Minn.



Grant Store Window Display

departments in the New York Office are under him. Below is given a simplified organization layout, which presents diagrammatically the complete functional organization.



The Real Estate and Construction Department is engaged almost entirely in work resulting from the Company's expansion program. It locates potential store sites, negotiates with the owners for leases, plans and supervises the making of necessary alterations, installs new furniture and fixtures, and turns the new stores over to the Managers selected to operate them, ready to open.

The Department of Standards and Research is concerned chiefly with increasing the efficiency of store operations and the efficiency of the New York Office. Its studies include such subjects as the development of the district organizations, methods of compensation, manuals of standard practice for various departments and jobs,

methods of merchandise control, store office routine, improved methods for taking inventory, and elimination of waste.

New methods for the stores are first tested in groups of five or ten "Laboratory Stores" under the supervision of the Standards Department. If results are satisfactory in these stores, the new methods are extended throughout all Grant Stores.

FINANCIAL RECORD

The Company was started with \$16,000 received from the sale of common stock. Although generous dividends were paid each year on the capital stock, the bulk of the earnings remained in the business and were used for the opening of additional stores. From time to time additional money has been obtained through the sale of common and preferred stock, but all of the latter has since been retired. The greatest source of funds for expansion has been the earnings of the Company not paid out as dividends. Table I below, setting forth the moneys received from and paid to stockholders shows that to January 31st, 1930, the stockholders had paid in a net sum of \$3,116, 515. On the same day the Company had \$2,517,203 in cash.

TABLE I
CAPITAL STOCK AND DIVIDEND RECORD

Year End'g Jan. 31	MONEYS RECEIVED FROM STOCKHOLDERS BY SALE OF:			MONEYS PAID TO STOCKHOLDERS:			Cumulative net am't rec'd from St'khd'rs at year's end
	Common Stock	Preferred Stock	Realty Co. Pfd. Stock	Retiring Preferred Stock	Realty Co. Pfd. Stock	Cash Dividends	
1907	\$ 16,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 16,000
1908	—	—	—	—	—	8,000	8,000
1909	—	—	—	—	—	10,000	2,000
1910	34,000	—	—	—	—	22,000	10,000
1911	100,000	—	—	—	—	27,955	82,045
1912	—	150,000	—	—	—	11,503	220,542
1913	—	—	—	—	—	32,159	188,383
1914	—	—	—	—	—	21,279	167,104
1915	—	—	—	—	—	27,973	139,131
1916	—	—	—	—	—	103,500	35,631
1917	—	—	—	—	—	40,500	4,869
1918	—	—	—	—	—	43,500	48,369
1919	—	—	—	—	—	46,500	94,869
1920	—	500,000	—	—	—	105,930	299,201
1921	—	22,800	—	—	—	123,750	198,251
1922	—	288,200	—	—	—	132,476	353,975
1923	—	694,400	—	—	—	172,611	875,764
1924	—	844,600	—	—	—	405,526	1,314,838
1925	—	—	1,000,000	76,450	—	515,293	1,723,095
1926	—	—	—	29,920	24,150	562,837	1,106,188
1927	—	—	—	124,740	4,515	557,561	419,372
1928	2,516,800	—	—	2,518,890	6,405	568,895	158,018
1929	2,319,000	—	—	—	1,014,930	565,818	580,234
1930	3,236,800	—	—	—	—	700,519	3,116,515
	\$8,222,600	\$2,500,000	\$1,000,000	\$2,750,000	\$1,050,000	\$4,806,085	



Interior, Grant Store at Tampa, Fla.



Basement Section, Grant Store at Boston, Mass.

Table II gives for each fiscal year the net sales during the year, the percentage of sales increase over the previous fiscal year and the number of stores in operation at the end of the year.

TABLE II

GROWTH IN NUMBER OF STORES AND IN NET SALES

<u>Year Ending</u> <u>Jan. 31</u>	<u>No. of Stores</u> <u>in Operation</u>	<u>Net Sales</u> <u>During Year</u>	<u>Percentage of</u> <u>Sales Increase</u>
1908	1	\$ 99,478	
1900	2	169,154	70.3%
1910	4	398,778	135.0%
1911	6	752,781	89.0%
1912	9	1,083,690	43.9%
1913	12	1,361,539	25.5%
1914	16	2,000,908	46.8%
1915	20	2,565,296	28.2%
1916	23	3,061,690	19.3%
1917	25	3,659,779	19.6%
1918	30	4,510,776	23.3%
1919	32	6,029,083	33.7%
1920	33	7,941,688	31.7%
1921	38	10,192,535	28.2%
1922	45	12,728,412	25.0%
1923	50	15,382,631	20.7%
1924	60	20,625,388	34.3%
1925	70	25,316,334	22.3%
1926	77	30,411,399	20.2%
1927	109	36,074,504	18.3%
1928	157	43,743,929	21.1%
1929	221	55,690,784	27.4%
1930	279	65,902,419	18.3%

In all but four of the twenty-two years since its founding, the Company has increased its sales more than twenty per cent during the year, over the previous year. The additional stores, which are to a large measure responsible for this year to year growth in sales, when opened have been altered to conform to Grant merchandising methods; new fixtures have been installed and new merchandise stocked. Growth has not been the result of absorbing existing stores or groups of stores.

The Company has never had an unprofitable year. For the year ended January 31st, 1921, earnings after taxes amounted to \$274,828, while earnings for the latest fiscal year, which ended January 31st, 1930, amounted to \$3,057,750, an increase of 1,012% over 1921. Earnings during each year since 1921 have shown an increase over the previous year.

During the same period, annual dividend payments have been increased from \$123,750 to \$700,519, an increase of \$576,769, or 465%. During this period, 26.8% of the earnings available for the payment of dividends have been paid out as dividends, 73.2% of the earnings having been retained and used in the Company's expansion program.

Money obtained from Earnings Retained, also the other sources of funds for expansion purposes, are shown in the Table III below. These other sources are the Depreciation Reserve and Proceeds from the Sale of Securities less Securities Retired.

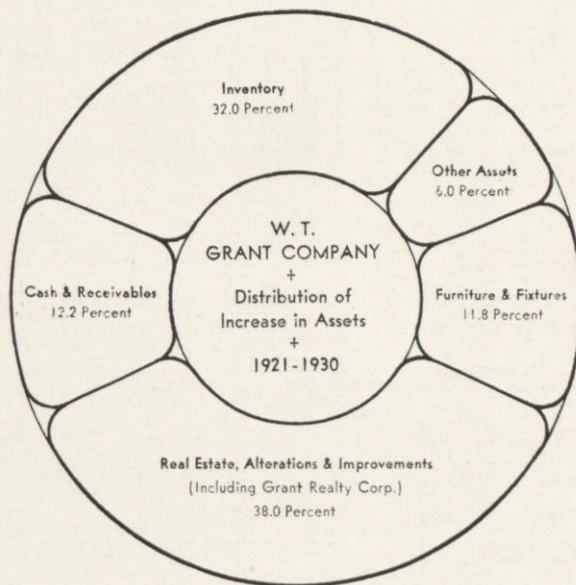
TABLE III
SOURCES OF MONEY AVAILABLE FOR EXPANSION

Year Ending January 31	Net Earnings	Cash Dividends	Earnings Retained	Depreciation Reserve	Stock Sales (Net)	Total Funds for Expansion
1921	\$ 274,828	\$ 123,750	\$ 151,078	\$ 56,595	\$ 22,800	\$ 230,473
1922	296,270	132,476	163,794	92,143	288,200	544,137
1923	611,154	172,611	438,543	110,542	694,400	1,243,485
1924	1,360,837	405,526	955,311	150,207	844,600	1,950,118
1925	1,399,872	515,293	884,579	213,294	923,550	2,021,423
1926	1,825,273	562,837	1,262,436	312,495	54,070	1,520,861
1927	2,126,731	557,561	1,569,170	340,355	129,255	1,780,270
1928	2,329,454	568,895	1,760,559	379,251	8,495	2,131,315
1929	2,759,750	565,818	2,193,932	499,461	1,304,070	3,997,463
1930	3,057,750	700,519	2,357,231	621,502	3,236,800	6,215,533
Totals	\$16,041,919	\$4,305,286	\$11,736,633	\$2,775,845	\$7,122,600	\$21,635,078

During the period from January 31st, 1921 to January 31st, 1930, funds available for expansion purposes amounted to \$21,635,078, of which over 67% came from within the Company. During the same period, sales have been increased from

\$10,192,535 to \$65,902,419, or \$55,709,884. This shows that for every dollar used for expansion purposes, there was an increase of \$2.57 in sales. Earnings during the same period were increased from \$274,828 to \$3,057,750, or an increase of \$2,782,922. There was for every dollar available for expansion, \$0.128 increase in earnings. The large investments made in new stores in 1928 and 1929 have not yet had time to be reflected in normal sales or earnings.

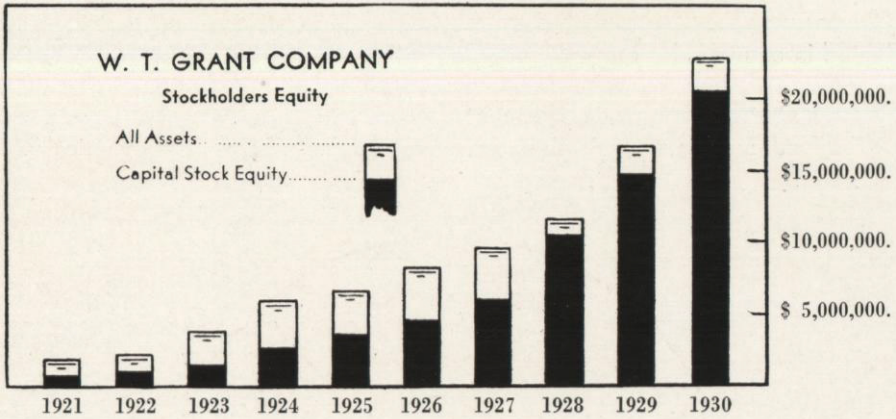
The funds used in expansion have been used as shown here diagrammatically. It is



of importance to note that approximately 50% of the increase in assets has been kept in liquid form, as Cash and Receivables, Inventory and Other Assets. In the classification "Real Estate, Alterations and Improvements," there has been included the investment of the W. T. Grant Company in W. T. Grant Realty Corporation.

As a result of financing largely from earnings, the equity of the holders of the capital stock of W. T. Grant Company has shown a large increase. At January 31st, 1921, Common Stock and Surplus amounted to \$996,108 while on January 31st, 1930,

these items, which represent the stockholder's equity in the Company, amounted to \$20,496,966, an increase of \$19,500,858, or 1,960%. This growth in the equity of capital stockholders is shown graphically below.



During this period the equity of stockholders, as represented by Capital Stock and Surplus, was increased to 90.7% of the value of all Assets, as shown by the Balance Sheet as at January 31st, 1930, against 40.1% of the Company's Assets on January 31, 1921.

On the following pages there is presented in comparative form the income statement and surplus analysis for each of the past ten years and the condensed balance sheet as at the end of each of the last ten fiscal years.

T COMPANY

COME ACCOUNTS

<u>1924</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
25,388	\$25,316,334	\$30,411,399	\$36,074,504	\$43,743,929	\$55,690,784	\$65,902,419
62,166	23,543,562	28,070,864	33,407,581	40,845,417	52,235,008	62,073,717
63,222	\$1,772,772	\$2,340,535	\$2,666,923	\$2,898,512	\$3,455,776	\$3,828,702
52,822	46,394	102,233	145,143	178,093	192,435	230,550
16,044	\$1,819,166	\$2,442,768	\$2,812,066	\$3,076,605	\$3,648,211	\$4,059,252
50,207	213,294	312,495	340,335	379,251	499,461	621,502
05,000	206,000	305,000	345,000	367,900	389,000	380,000
60,837	\$1,399,872	\$1,825,273	\$2,126,731	\$2,329,454	\$2,759,750	\$3,057,750

RPLUS ACCOUNTS

<u>1924</u>	<u>1925</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
56,045	\$1,066,127	\$1,896,565	\$3,238,248	\$4,862,043	\$6,652,607	\$8,926,801
60,837	1,399,872	1,825,273	2,126,731	2,329,454	2,759,750	3,057,750
10,286	13,421	85,108	—	3,135	29,568	—
27,168	\$2,479,420	\$3,806,946	\$5,364,979	\$7,194,632	\$9,441,925	\$11,984,551
74,276	197,793	193,616	189,351	45,746	—	—
31,250	375,000	300,000	300,000	455,387	515,124	700,519
50,000	—	—	—	—	—	538,900
5,515	10,062	75,082	13,585	40,892	—	44,362
66,127	\$1,896,565	\$3,238,248	\$4,862,043	\$6,652,607	\$8,926,801	\$10,700,770

W. T. GRAN

COMPARATIVE INC

YEAR ENDING JANUARY 31	1921	1922	1923	1924
SALES	\$10,192,535	\$12,728,412	\$15,382,631	\$20,631,100
LESS: Cost of Merchandise and Operating Expense	9,747,959	12,163,306	14,535,052	19,000,000
	<u>\$444,576</u>	<u>\$565,106</u>	<u>\$847,579</u>	<u>\$1,581,100</u>
OTHER INCOME (net)	22,153	66,693	29,383	1,000,000
	<u>\$422,423</u>	<u>\$498,413</u>	<u>\$818,196</u>	<u>\$1,781,100</u>
DEDUCT:				
Depreciation and Amortization	56,595	92,143	110,542	1,000,000
Federal Taxes	91,000	110,000	96,500	2,000,000
	<u>\$274,828</u>	<u>\$296,270</u>	<u>\$611,154</u>	<u>\$1,300,000</u>
NET INCOME	<u>\$274,828</u>	<u>\$296,270</u>	<u>\$611,154</u>	<u>\$1,300,000</u>

COMPARATIVE SUR

YEAR ENDING JANUARY 31	1921	1922	1923	1924
SURPLUS, beginning of Year	\$706,697	\$846,108	\$1,014,671	\$1,456,045
ADD:				
Net Income for Year as Above	274,828	296,270	611,154	1,300,000
Other Additions	2,098	4,769	4,848	1,000,000
	<u>\$983,623</u>	<u>\$1,147,147</u>	<u>\$1,630,673</u>	<u>\$2,856,045</u>
DEDUCT:				
Preferred Dividends	48,750	57,476	97,611	1,000,000
Common Dividends	75,000	75,000	75,000	2,000,000
Dividends Paid in Stock	—	—	—	1,000,000
Other Deductions	13,765	—	2,017	1,000,000
	<u>\$846,108</u>	<u>\$1,014,671</u>	<u>\$1,456,045</u>	<u>\$1,000,000</u>
SURPLUS, end of Year	<u>\$846,108</u>	<u>\$1,014,671</u>	<u>\$1,456,045</u>	<u>\$1,000,000</u>

NT COMPANY

BALANCE SHEETS

1924	1925	1926	1927	1928	1929	1930
\$886,851	\$599,635	\$1,615,761	\$2,013,502	\$1,830,942	\$1,916,593	\$2,517,203
21,256	27,507	48,344	50,170	64,096	99,441	353,344
2,476,727	2,687,035	2,955,754	3,495,060	4,659,711	6,314,555	7,880,661
18,350	27,001	33,849	41,317	52,081	57,772	66,750
<u>3,403,184</u>	<u>3,341,178</u>	<u>4,653,708</u>	<u>5,600,049</u>	<u>6,606,830</u>	<u>8,388,361</u>	<u>10,817,958</u>
10,133	51,955	33,550	25,249	67,926	41,104	59,395
—	1	2,361	2,814	1	1,800,001	2,344,904
—	—	—	—	—	—	528,716
658,003	1,022,787	1,020,734	1,164,662	1,511,362	1,948,797	2,572,696
1,533,436	2,167,439	2,479,351	2,683,823	3,328,178	4,168,065	5,530,438
110,273	—	—	—	—	—	—
—	—	—	2,860	—	—	—
144,568	219,661	138,256	189,672	278,620	544,016	726,531
<u>\$5,859,597</u>	<u>\$6,803,021</u>	<u>\$8,327,960</u>	<u>\$9,669,129</u>	<u>\$11,792,917</u>	<u>\$16,890,343</u>	<u>\$22,580,637</u>
\$231,503	\$385,558	\$407,419	\$127,175	\$323,616	\$523,752	\$758,350
40,000	55,000	—	—	—	25,000	25,000
226,006	229,097	348,987	439,606	616,326	728,749	652,755
—	75,000	75,000	75,000	—	—	—
—	—	—	—	226	2,407	—
205,000	206,000	305,000	345,000	367,900	389,000	380,000
<u>702,509</u>	<u>950,655</u>	<u>1,136,406</u>	<u>986,781</u>	<u>1,308,068</u>	<u>1,668,908</u>	<u>1,816,105</u>
1,972	—	—	—	—	—	—
—	—	—	—	—	212,500	187,500
13,989	25,301	50,006	30,405	44,942	61,638	80,066
75,000	—	—	—	—	—	—
2,500,000	2,430,500	2,403,300	2,289,900	—	—	—
1,500,000	1,500,000	1,500,000	1,500,000	3,787,300	6,020,496	9,796,196
1,066,127	1,896,565	3,238,248	4,862,043	6,652,607	8,926,801	10,700,770
<u>\$5,859,597</u>	<u>\$6,803,021</u>	<u>\$8,327,960</u>	<u>\$9,669,129</u>	<u>\$11,792,917</u>	<u>\$16,890,343</u>	<u>\$22,580,637</u>

AT JANUARY 31	1921	1922	1923
ASSETS:			
Cash	\$413,648	\$418,716	\$373,774
Accounts Receivable	19,837	20,695	61,073
Merchandise Inventory	1,479,633	1,627,324	1,940,805
Life Insurance Surrender Value	6,151	8,350	10,107
TOTAL CURRENT ASSETS	1,919,269	2,075,085	2,385,759
Miscell. Inv., Employees Accounts Rec., etc.	31,485	13,600	11,557
Investment, W. T. Grant Realty Corp.	—	—	—
Advances and Accounts with Property Owners, etc.	—	—	—
Furniture and Fixtures, depreciated	206,705	303,843	436,765
Alterations and Improvements, "	270,299	499,136	866,139
Real Estate and Buildings "	—	—	100,000
Preferred Stock Sinking Fund	—	20,674	36,962
Unexpired Insurance, Supplies, Prepaid Rents, Taxes, etc.	52,651	73,612	75,537
TOTAL ASSETS	\$2,480,409	\$2,985,950	\$3,912,719
LIABILITIES AND CAPITAL:			
Accounts Payable	\$119,470	\$134,184	\$283,518
Notes Payable	482,500	457,500	—
Accruals	116,669	155,873	190,720
Dividends Payable	—	—	—
W. T. Grant Realty Corp.	—	—	—
Reserve for Federal Taxes (Est.)	91,000	110,000	98,501
TOTAL CURRENT LIABILITIES	809,639	857,557	572,739
Prepaid Rents of Sub-tenants	1,862	2,722	3,535
Liabilities Maturing More Than One Year from Date	—	—	—
Reserve for Painting Stores	—	—	—
Mortgages	—	—	75,000
Preferred Stock	672,800	961,000	1,655,400
Common Stock	150,000	150,000	150,000
Surplus	846,108	1,014,671	1,456,045
TOTAL LIABILITIES AND CAPITAL	\$2,480,409	\$2,985,950	\$3,912,719

W. T. GRANT REALTY CORPORATION
COMPARATIVE BALANCE SHEETS

AT JANUARY 31	<u>1925</u>	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
ASSETS:						
Land & Bldgs. (Deprec.)	\$389,038	\$382,858	\$511,578	\$712,676	\$2,697,005	\$4,018,527
Alter. & Imp. (Deprec.)	518,238	595,402	665,104	615,062	579,750	457,554
Defd. Charges (Prepaid Ins., Rent, Taxes, etc.)	19,095	20,045	18,632	18,409	35,401	63,627
Other Assets	—	15,000	7,507	7,500	1,000	—
Rents Receivable	—	794	1,378	5,175	1,938	18,682
Cur'nt Ac. (W.T.G. Co.)	7,031	—	—	226	2,407	—
Cash	369,347	294,136	207,978	69,347	56,294	39,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$1,302,749	\$1,308,235	\$1,412,177	\$1,428,395	\$3,373,795	\$4,597,543
LIABILITIES:						
Mortgages Payable	\$275,000	\$275,000	\$380,000	\$415,000	\$1,560,000	\$2,215,000
Accrued Accounts, etc.	5,117	13,013	18,418	19,984	34,997	32,928
Preferred Div. Payable..	17,500	17,115	17,028	16,916	—	—
Cur'nt Ac. (W.T.G. Co.)	—	2,360	2,813	—	—	28,089
Preferred Stock	1,000,000	977,000	972,700	966,600	—	—
Common Stock (100% owned by W.T.G. Co.)	5,000	5,000	5,000	5,000	1,756,815	2,316,815
Surplus	132	18,747	16,218	4,895	21,983	4,711
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	\$1,302,749	\$1,308,235	\$1,412,177	\$1,428,395	\$3,373,795	\$4,597,543

